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October 18, 2005

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**SENATOR EDWARD M. KENNEDY STATEMENT ON THE HIGHER EDUCATION
AMENDMENTS ACT**

“The American people won’t stand for a government that puts irresponsible tax breaks for the wealthy ahead of funding for health care and other assistance for our families that need help the most. Katrina shined a light on the great disparities in the country, and its time for Washington to reevaluate its priorities.

Over the last four years, the rich have gotten richer, while four million more Americans fell into poverty. Families are facing a 60% increase in energy costs to heat their homes this winter, the nation is running a record deficit, we are facing billions of dollars in costs to fulfill our commitment to rebuild the gulf coast, and last month we had the highest increase in inflation since 1980. America deserves a government as good as its people, and it’s time we give the American people the support and leadership they need and deserve. The HELP bill provides over \$9 billion in additional aid and benefits to students struggling to go to college. It also comes up with the savings by cutting bank subsidies, not student benefits. So it is a good bipartisan compromise. But as we move to the Floor, I will not be able to support cuts to services to the poor in an effort to give wealthy people irresponsible tax breaks. “

**Highlights of the Higher Education Amendments Act of 2005
Senator Edward M. Kennedy**

This bipartisan bill makes significant progress in helping students afford and gain access to postsecondary education. Below are some of the highlights of the bill that Senator Kennedy worked to have included in the legislation.

Increased Grant Aid for Needy Students: A new mandatory spending program, currently titled the Provisional Grant Aid Program (ProGAP), would increase need-based grants by more than \$6 billion in mandatory funding.

New Scholarships for Math and Science Majors: The bill creates a \$2.25 billion scholarship program for students majoring in math, science or high-need foreign languages. These

scholarships go to the neediest students.

Lower Fees for Students: The bill lowers borrower origination fees by half a percentage point for loans issued through the Direct Loan and FFEL programs beginning July 1, 2007.

Loan Forgiveness for Public Service Under the Income Contingent Loan Repayment

Program: The bill provides loan forgiveness for individuals working in public sector occupations for 10 years. Currently, loan forgiveness is only available to individuals who have worked in the public sector for 20 years.

Lowering the “work penalty” for Students: The bill increases the amount a student could make in income or have in assets (savings from working to save for college) without being penalized through reductions in eligibility for need-based aid.

Decreased Unnecessary Bank Subsidies in Student Loan Program: The proposal eliminates “windfall profits” to lenders by requiring the lender to rebate excess interest payments when the student rate is higher than the lender rate.

Better Interest Rates for Students: The bill maintains current borrower interest rates – scheduled to go to a 6.8% fixed rate for non-consolidated loans – and retains current law fixed rate on consolidation.

Continues the Limitation on Growth of 9.5% loans: The bill stops the growth in volume of a special class of loans that receive a 9.5% rate of return.

Programs to Help Students Apply to, Attend, Afford, and Complete Higher Education:

The bill creates several new programs and improves many existing programs that focus on easing the financial aid application process and supporting students as they apply to and later enroll in college. The bill includes:

- Support for retention efforts, so more disadvantaged students making it to college actually stay and graduate;
- New reporting requirements related to the completion rates of students, disaggregated by race and Pell grant recipients, so that the public can clearly see how many students are successfully completing on-time;
- New reporting of the annual State support for the postsecondary system in order to get more focus on the interaction between State funding trends and the cost of attendance at public colleges;

- Simplification of the financial aid application process so that students have the option of filling out the forms online or on paper;
- Improvements in the GEAR Up and TRIO programs, so that more students have a better chance at learning about higher education and succeeding in obtaining degrees;
- Improvements in the Pell program by providing for summer grants and increasing grant eligibility for less than part-time students; and
- Proposals for linking high school with college preparation.

Programs to Increase the Number of Students Studying and Teaching in High-Need Subjects, including:

- Authorization for the Patsy Mink minority fellowship program so that qualified women and minorities can acquire the highest degree available in a field in which such individuals are underrepresented;
- Improvements in teacher quality program, including a focus on mentoring math and science educators and provisions for special education faculty; and
- Increased loan forgiveness for math, science and special education teachers serving in high need schools.

Ends Abuse in Student Loan Program and Ensures Greater Competition in the Student Loan Programs: The legislation places a moratorium on the growth of the “school as lender” program, which allows universities to turn a profit from the federal guaranteed-student-loan program by making the loans themselves. The “school as lender” program allows universities to lend money directly to students in their graduate and professional schools. Schools may not sell a student’s loans until they graduate, ensuring that they do not have multiple lenders holding their loans. Any profits stemming from the program will go to increased need-based aid. The bill also gives the Secretary greater flexibility in offering more competitive origination fees in Direct Lending.

Provides Aid to Higher Education Students and Institutions Affected by Hurricane

Katrina: The bill provides provisions to assist students and colleges and universities affected by Hurricane Katrina.

- Permits students enrolled in affected institutions to keep their Federal grant aid or loans;
- Allows affected institutions to similarly retain undisbursed Federal student grant assistance or loans;
- Retains in-school status for students who do not enroll in another school and maintains a grace period or deferment for affected borrowers until June 30, 2006;
- Issues a year of forbearance to an individual without documentation who has outstanding loans and who lives or lived in an affected declared disaster area or worked in such area;
- Discharges or cancels all loan amounts disbursed to or on behalf of students at affected institutions for the 2005-2006 academic year; and
- Grants authority to the Secretary of Education to waive or extend reporting requirements.

**S. 1614 : The Higher Education Amendments Act of 2005
Impact on Massachusetts**

□□□□ **The Higher Education Amendments Act of 2005 helps make college more affordable.** The bill authorizes increases in the maximum Pell to \$6,300 by FY2010 and expands the Pell grant program so that grants can be awarded year-round, rather than for only two semesters.

□□□□□□ Nearly 80,000 students at Massachusetts colleges and universities received over \$180 million in Pell grants last year. Students at Massachusetts colleges and universities received \$45 million in Federal work study and nearly \$30 million in Supplemental Educational Opportunity Grants during the last school year.

□□□□□□ At Worcester State College, 873 students received more than \$2 million in Pell grants last year. At Roxbury Community College, 1,600 students received more than \$3 million in Pell grants last year.

□□□□□□ Students can also use Pell to take modular or compressed courses which will be of great benefit to working adults trying to balance school with work and family demands.

□□□□ **The Higher Education Amendments Act of 2005 helps low-income students.** The bill creates a new mandatory spending program, currently titled the Provisional Grant Aid Program (ProGAP), which would increase need-based grants by \$6 billion in mandatory funding.

□□□□ **The Higher Education Amendments Act of 2005 creates new scholarships for math, science and foreign language majors.** The bill dedicates \$2.25 billion in mandatory funding for low-income students studying in those areas. The bill also creates a new competitive state grant program that gives up to \$1,500 annually to third and fourth year students studying math, science or foreign languages who take rigorous high school courses and plan to major in one of these subjects. Governors are authorized to give priority to populations who are underrepresented in these fields.

□□□□□□ Last year, more than 3,000 Massachusetts students who took the SAT reported that they intended to major in math, science, or a foreign language in college.

□□□□ **The Higher Education Amendments Act of 2005 helps the neediest families.** The bill increases the income cutoff from \$15,000 to \$20,000 so that now families with incomes below \$20,000 can automatically claim zero expected family contribution in the needs analysis for federal financial aid. This simplified needs test means that prospective students will be guaranteed their financial aid package in time to make good decisions about attending college. The bill also requires the Secretary to develop an “EZ FAFSA” for low-income families. This will simplify the financial aid application process and make it easier for students to apply for financial aid.

□□□□□□ According to recent census data, more than 150,000 Massachusetts families have incomes less than \$20,000. This provision will help thousands of additional students receive more federal financial aid.

□□□□ **The Act protects students who work while attending college.** Students who work to cover their unmet financial need and college expenses are frequently penalized the following year, as their earnings impact their Federal need analysis. The bill increases the income protection allowance for both dependent and independent students by 5 percent. Reducing the “student work penalty” supports working students and reduces the current disincentive to work

to cover unmet need. Additionally, the bill lowers the asset conversion rate for dependent students to 7 percent and independent students to 20 percent. Lowering the asset rate further protects future student earnings.

□□□□□□ Students in Massachusetts received more than \$45 million in Federal work study aid during the last school year.

□□□□ **The Higher Education Amendments Act of 2005 helps more people study and teach in high-need subjects.** The bill expands federal Perkins loan cancellation to early childhood educators, instructors at Tribal Colleges or Universities, and librarians with a master's degree in library science serving in Title I schools or libraries. The bill also increases loan forgiveness from \$5,000 to \$17,500 for eligible math, science, special education, bilingual education, and early education teachers.

□□□□□□ In the 2003-2003 school year, 38,000 students in Massachusetts received Federal Perkins loans. The average loan was \$2,212 that year.

□□□□ **The Act extends public service loan cancellation for borrowers.** An individual who works in a public service field is eligible to apply for reduced loan payments based on their salary. An individual who opts for these income-contingent repayment loans who makes loan payments for ten consecutive years will have their remaining debt cancelled. Current law requires 20 years of public service to be eligible for loan cancellation.

□□□□□□ Massachusetts students are well known for their public service while in college, and this provision will help many students enter careers in public service.

□□□□□□ Currently, there are 60 colleges and universities that are members of Massachusetts Campus Compact, a partnership to improve community service programs and service learning in the Commonwealth. Last year, more than 7,000 students at these schools logged over 80,000 hours of community service.

□□□□ **The Higher Education Amendments Act of 2005 maintains recruitment and retention opportunities for low-income and minority students.** The bill reauthorizes low-income and minority student college information and preparation programs, like GEAR UP and TRIO. The amendments extend funding for programs to benefit and support migrant students.

□□□□□□ Massachusetts receives more than \$8 million a year for GEAR UP programs that serve more than 18,000 students.

□□□□□□ GEAR UP works in Massachusetts. In Fitchburg, only 39% of the class of 2005 said in 2000 that they would go on to college. This year, 80% of those same students expect to go on to college after graduation because of the GEAR UP program.

□□□□□□ At the James Leonard School in Lawrence, parent participation has increased from 30% to 80% since the GEAR UP program began. At more than 10 Boston Public Schools with GEAR UP programs, the number of students scoring Proficient or Advanced on the MCAS

increased by an average of 5% in English and 20% in math.

□□□□□□ Nearly 8,000 students across Massachusetts benefit from TRIO programs. Upward Bound works in Massachusetts. Nathalie Derosena attended UMass Boston Upward Bound for two years. She was accepted to Temple University and Howard, and is currently a freshman at Howard. Raul Lorenzo, a Holyoke Upward Bound student, went to Wheaton College. He is currently getting his Master's in education administration. Marlenny Anzianni came to the U.S. in 1990 and she attended the Boston University Upward Bound Program. She went on to Brown University and is now getting her Master's in Communications.

□□□□ **The Higher Education Amendments Act of 2005 assists our military troops.** The bill offers loan deferment to members of the armed services serving in a combat zone.

□□□□□□ According to recent census data, more than 5,000 Massachusetts citizens serve in the Armed forces.

Background on Higher Education in Massachusetts

□□□□□□ Massachusetts residents are some of the best-educated citizens in the nation. Nearly 20% of residents have a bachelor's degree as their highest degree (national average: 15%), and nearly 14% have a graduate degree (national average: 9%). [Source: Chronicle of Higher Education, 2004-2005 Almanac of Higher Education]

□□□□□□ Massachusetts has over 100 institutions of higher education, including 15 4-year public colleges, 78 4-year private colleges, and 16 2-year public colleges. [Source: Chronicle of Higher Education, 2004-2005 Almanac of Higher Education]

□□□□□□ There are more than 320,000 undergraduates studying in Massachusetts and more than 100,000 students in graduate and professional programs. [Source: Chronicle of Higher Education, 2004-2005 Almanac of Higher Education]

□□□□□□ Of students enrolled in 4-year institutions in the Commonwealth, two-thirds attend private colleges and nearly one-third attend public colleges. [AICUM Profile, 2004]

□□□□□□ The eight research universities in the metropolitan Boston area (Boston College, Boston University, Brandeis, Harvard, MIT, Northeastern, Tufts, and UMass Boston) comprise a community of more than 500,000 people – degree students, continuing education students, employees, and alumni. [Engines of Economic Growth Report, 2003]

□□□□□□ Massachusetts ranks first in the nation in the percentage of students who enroll in college directly after completing high school. The Commonwealth also ranks first in the college graduation rate of enrollees. Even so, only 69% of Massachusetts students immediately enter college and only 66% will have earned a bachelors degree after six years. [Center for American Progress, July 2005].

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